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SUBJECT: JORDAN ELECTIONS: ECONOMY THE MAIN ISSUE, BUT CANDIDATES OFFER LITTLE SUBSTANCE

REF: A. AMMAN 4338

- [¶B.](#) AMMAN 4207
- [¶C.](#) AMMAN 3813
- [¶D.](#) AMMAN 1384
- [¶E.](#) AMMAN 2255
- [¶F.](#) AMMAN 6612
- [¶G.](#) 05 AMMAN 3649

Classified By: Classified by Ambassador David Hale
for reasons 1.4 (b) and (d)

[¶11.](#) (C) Summary. The economy seems to be the number one issue on the minds of voters and candidates in the thick of Jordan's campaign season. Despite real economic growth, rising prices and unemployment numbers show that popular perceptions of economic difficulties have some foundation. As a result, candidates are bombarded with questions about their economic agendas. Most of those running for office have no coherent plan for the economy, and even if they did, parliament's power to deal with the concerns of voters is limited though real. In the end, candidates find themselves caught in the middle when talk about economic reform ironically leads to requests for patronage. End Summary.

The Number One Issue

[¶12.](#) (U) If there is one thing that candidates and voters in Jordan's upcoming parliamentary elections appear to agree on, it's that the economy is the number one issue. Despite impressive GDP growth in real terms of over six percent during the last three years, average Jordanians continue to complain about high unemployment rates, the rising cost of living, high fuel bills, and poverty. Price increases in particular are a constant source of media attention, with many columnists holding the government responsible for keeping prices in check.

[¶13.](#) (U) In September, the Department of Statistics (DOS) reported a 5.6 percent inflation rate for the first eight months of 2007. The report showed that seasonal price increases in several categories likely to hit home for many of Jordan's poor (vegetables, education, clothes and shoes) outpaced the average rate of inflation. These increases are not local - food prices and fuel prices are rising worldwide and Jordan imports most products. Yet even with subsidies of some food and fuel products, rising prices are noticeable to average Jordanians. These increases are already having an impact in the political sphere, as the debate over the burden of subsidies on Jordan's budget shows (reftels).

[¶14.](#) (SBU) In February 2007, DOS reported average unemployment rates of 14.3 percent among the economically active Jordanian population, with the lowest unemployment in Aqaba (8.9 percent) and the highest in Madaba (22 percent). For comparison, at the time of the 2003 election, unemployment stood at around 13.7 percent - a marginal difference. The

perception among many Jordanians is that actual unemployment stands at double the official rate.

¶15. (U) A poll conducted by the International Republican Institute in August showed that the rising cost of living was cited by 48 percent of respondents as the most pressing problem facing Jordan today - a jump of over ten points from two years ago. When combined with the respondents who cited unemployment (17 percent) and poverty (9 percent) as Jordan's most pressing problems, a whopping 73 percent of Jordanians see economics as the main issue in the policy sphere. For good reason: a DOS survey of expenditure and income released in September compared 2002 and 2006 figures and found that while average annual household income had increased 11 percent from USD 7,800 to USD 8,700, household expenditures increased 21 percent from USD 8,700 to USD 10,600 during the same period. The survey found that the gap between income and expenditure was being paid for with loans, real estate sales and remittances (Ref B).

Economics on the Campaign Trail

¶16. (C) As a result, candidates are getting an earful from their constituents on the economy, and what prospective parliament members are going to do to ease citizens' personal economic burdens. Every candidate we talk to cites the economy as the first and foremost issue that voters raise during campaign stops. The consensus is that Jordan's perceived economic woes are a direct result of its governmental system, rather than part of a global downturn. A candidate in Salt laid rising standards of living squarely on the government's doorstep: "The US and the EU give us lots of economic aid. They are doing what they can. But the Jordanian system doesn't allow for economic opportunity." A

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Madaba candidate links the economic and security situations, saying that enforcing public order requires a level of economic security that the government is not currently providing. He says that the unemployment rate in Madaba is over 40%. Several candidates talk about the economy in terms of the distribution of wealth and links to corruption. They explain that the key to fixing Jordan's economic situation is to end the accrual of bribes and payoffs to government bureaucrats.

The Economic Policy Catch-22

¶17. (C) While candidates recognize the economy as the main political issue, few have displayed a clear grasp of economics or economic policy-making. Questions about the specifics of how to solve Jordan's economic problems are answered with vague prescriptions along the line of "the government should just fix it." One candidate in Madaba hinted that Jordan's economic problems could be solved through a hazy program of nationalizing the economy. A candidate in Salt suggested that "fat" could be cut from the budget, but had no idea about where that "fat" was to be found. No candidate with whom we have spoken is aware of how Jordan's economy or budget currently operates - they simply project confidence in their ability to come up with a solution and hedge on how to carry it out. Fortunately for them, the largely tribal nature of Jordanian politics and lack of policy debates means that they rarely have to talk about their post-election plans.

¶18. (C) The irony of the economy being the number one issue in the election is that it is the government, appointed by the King and lately composed of figures from outside parliament, that is the prime mover in Jordan's economy. The parliament has historically exercised its power more to block or delay economic reform measures, rather than to initiate or advance them. A recent example of this is the anti-money laundering law, part of a raft of royal court-inspired

reforms which parliament refused to act on for months in spite of intense lobbying (REFS D, E). Similar (and successful) parliamentary obstructionism was on display in 2006 regarding the government's efforts to reform the tax law. On occasion the situation has reached the point where the King has called parliament to task for its lethargy and indifference (REF F), and previous governments have even offered financial incentives to MPs in order to pass key legislation (REF G). In our conversations, only a few candidates (usually those educated outside of Jordan), and an even smaller minority of the electorate, seem to recognize the role parliament plays. Meanwhile, voter demands for public sector positions and continued subsidies, and a political system still underpinned by patronage, undermine the ability of interested legislators to take immediate action on reforms necessary for Jordan's long-term economic growth.

¶9. (SBU) A further difficulty faced by many candidates is the nexus between unemployment as an election issue and patronage as a political practice. In the absence of concrete economic plans, many voters see patronage jobs as a proxy for their concerns about the economy as a whole. A candidate in the Balqa district told us that many voters ask him to solve their unemployment problem directly by using connections to find them government jobs. Talking about unemployment is potentially risky for many candidates as the discussion inevitably turns towards trying to secure a job pledge for a relative. Candidates who run on an anti-corruption platform are especially vulnerable when it comes to talking about the economy, as they are usually unwilling to pledge the use of their good offices for individuals or groups. This makes their vague statements about dealing with unemployment ring even hollower.
Hale